

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY)	
for a power supply cost recovery reconciliation)	Case No. U-17674-R
proceeding for the 12-month period)	
ended December 31, 2015.)	
_____)	

At the December 20, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 31, 2016, Wisconsin Electric Power Company (WEPCo) filed an application, with supporting testimony and exhibits, requesting approval of its power supply cost recovery (PSCR) reconciliation for the 12-month period ended December 31, 2015.

A prehearing conference was held on May 25, 2016, before Administrative Law Judge Suzanne D. Sonneborn. WEPCo, the Commission Staff, and Citizens Against Rate Excess participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree, among other things, that WEPCo had a 2015 net underrecovery of \$4,307, which includes the roll-in of the authorized 2014 overrecovery of \$703,565. The parties also agree to the recovery of a

portion of the costs of 2008 PA 295 renewable energy at the transfer prices approved in the October 11, 2012 order in Case No. U-16367, the February 12, 2015 order in Case No. U-17562, and the February 11, 2016 order in Case No. U-17798. The parties agree that WEPCo should be authorized to reflect the cumulative 2015 power supply cost underrecovery of \$4,307 as its 2016 PSCR reconciliation beginning balance.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Wisconsin Electric Power Company shall reflect the cumulative 2015 power supply cost underrecovery of \$4,307 as its 2016 power supply cost recovery reconciliation beginning balance.

C. Wisconsin Electric Power Company is permitted to recover a portion of the 2008 PA 295 renewable energy costs at the transfer prices approved in the October 11, 2012 order in Case No. U-16367, the February 12, 2015 order in Case No. U-17562, and the February 11, 2016 order in Case No. U-17798.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 20, 2016.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
WISCONSIN ELECTRIC POWER COMPANY)	Case No. U-17674-R
power supply cost recovery reconciliation proceeding for)	
<u>the 12-month period ended December 31, 2015.</u>)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“Commission”), Mich Admin Code, R 792.17431, Wisconsin Electric Power Company (“Wisconsin Electric” or “Company”), Citizens Against Rate Excess (“CARE”) and the Commission Staff (“Staff”) agree as follows:

1. On March 31, 2016, Wisconsin Electric filed with the Commission its Application, with supporting testimony and exhibits, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ended December 31, 2015 and to true-up the results of its 2014 Power Supply Cost Recovery (“PSCR”) reconciliation. Based on calculations, Wisconsin Electric’s March 31, 2016 filing determined that the 2015 PSCR reconciliation and true-up of the results of its 2014 PSCR reconciliation resulted in a net under-recovery of \$4,307, and requested authority to roll the under-recovery of \$4,307 into its 2016 PSCR reconciliation case.

2. On May 2, 2016, the Commission’s Executive Secretary issued the Notice of Hearing. As directed by the Executive Secretary, Wisconsin Electric mailed and published the Notice throughout its Michigan electric service area, and filed the requisite proofs prior to the initial prehearing conference held on May 25, 2016.

3. Administrative Law Judge (“ALJ”) Suzanne D. Sonneborn presided over the prehearing conference. CARE’s Petition to Intervene was granted, and the Staff participated in the proceeding. A full case schedule was set at the prehearing conference, which was subsequently modified by agreement of the parties.

4. Subsequently, and following Staff’s audit of Wisconsin Electric’s books and records, and Staff and CARE engaging in discovery, the parties engaged in discussions leading to this settlement agreement.

5. In settlement of this proceeding, Wisconsin Electric, the Staff, and CARE agree as follows:

a. The expenditures, as set forth in Wisconsin Electric’s Application and direct testimony and exhibits, for the cost of power supply were reasonably and prudently incurred for the 12-month period ended December 31, 2015; the purchase practices followed by Wisconsin Electric comport with the 2015 PSCR Plan in Case No. U-17674; and were reasonable and prudent.

b. As provided in the Commission’s October 11, 2012 Order in Case No. U-16367, February 12, 2015 Order in Case No. U-17562, and February 11, 2016 Order in Case No. U-17798, that portion of Wisconsin Electric’s costs of post-2008 PA 295 renewable energy (“RE”) generated at the Glacier Hills Wind Farm (“Glacier Hills”), the Montfort Energy Center (“Montfort”) and Rothschild Biomass Cogeneration Plant (“Rothschild”) that was allocated to Michigan and used for 2008 PA 295 compliance in 2015, and that shall be recovered as PSCR costs in 2015 is the amount of the approved transfer price of \$80.41 per megawatt hour (“MWh”) for Glacier Hills, and \$71.16 per MWh for Montfort and Rothschild.

c. Wisconsin Electric's reconciliation of power supply costs and revenues (including the January 1, 2015 beginning balance of an over-recovery of \$703,565 per the Commission's May 3, 2016 order in Case No. U-17312-R), results in a total adjusted under-recovery of \$4,307, including interest. The Company shall reflect the roll-in of the \$4,307 under recovered amount in its 2016 PSCR reconciliation in Case No. U-17912-R.

7. It is the opinion of all parties that this settlement agreement is reasonable, in the public interest and will result in the expeditious conclusion of this case.

8. This settlement agreement is intended for a final disposition of this proceeding. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

9. The settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding except so as to prove the contents herein. All offers of settlement and discussions relating to this settlement agreement are considered privileged under MRE 408. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding, and nothing contained herein shall be construed as, or deemed to be evidence of, any admission or concession of fault, error, or omission. This settlement agreement is entered into for the sole and express purpose of reaching compromise among the parties in the case without prejudice to their rights to take new or different positions in other proceedings or in any other jurisdiction.

10. All parties agree to waive Section 81 of the APA, as amended, MCL 24.281, as it applies to the issues in this proceeding.

WISCONSIN ELECTRIC POWER COMPANY

Dated: November 17, 2016

By: Michael C. Rampe
One of its Attorneys
Michael C. Rampe (P58189)
MILLER, CANFIELD, PADDOCK
AND STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, MI 48933
(517) 487-2070

Digitally signed by: Michael C. Rampe
DN: CN = Michael C. Rampe C
= US O = Miller Canfield
Date: 2016.11.17 09:02:22 -04'00'

CITIZENS AGAINST RATE EXCESS

Dated: November 17, 2016

By: John R. Liskey
One of its Attorneys
John R. Liskey (P31580)
Constance De Young Groh (73590)
Attorney at Law PLLC
921 N. Washington Ave
Lansing, MI 48906
(517) 913-5105

Digitally signed by John R. Liskey
Date: 2016.11.17 11:25:50 -05'00'

MICHIGAN PUBLIC SERVICE COMMISSION

Dated: November 17, 2016

By: Bryan A. Brandenburg
Its Attorney
Amit T. Singh (P75492)
Bryan A. Brandenburg (P75492)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Highway
Lansing, MI 48917
(517) 241-6680

Digitally signed by Bryan A. Brandenburg
Date: 2016.11.17 11:59:31 -05'00'

27846057.1\130071-00081